



Joan McDonald
Commissioner



State of Connecticut
Department of Economic and
Community Development

May 1, 2009

Ms. Diane Kelley, Brownfields Coordinator
One Congress Street
Suite 1100
Boston, MA 02114-2023

Re: Stimulus Supplemental Request for EPA Revolving Loan Funds

Dear Ms. Kelley:

We are pleased to have the opportunity to submit this request for EPA Supplemental Funding for our Brownfield Revolving Loan Fund under the American Recovery and Reinvestment Act (ARRA). We are requesting a \$1,430,000 grant for remediation, consisting of \$1,100,000 for hazardous material contamination and \$330,000 for petroleum, on five sites. We have also included three additional significant projects in our pipeline that are worthy of consideration but we appreciate the fact that the EPA will need to distribute this special supplemental round of funding throughout the U.S.

This request supports projects that comply with the special readiness criteria and the additional reporting requirements. Since the Department of Economic and Community Development (DECD) is a Connecticut state agency, our revolving loan fund is available to any of our 169 municipalities and our pipeline of projects far exceeds this request.

The DECD Office of Brownfield Remediation and Development (OBRD) is the fortunate recipient of two Brownfield Revolving Loan Fund grants. The first RLF was transferred from the City of Hartford. All the funds have been committed from the Hartford RLF. The Statewide RLF grant was awarded in 2007. There are insufficient funds remaining for projects included under this supplemental request.

In fact, there has been a significant increase in the demand for assistance from the RLF program due to the erosion of resources that would have been available but are now impacted from the credit crisis affecting the nation. As a result, we anticipate that our pipeline of EPA eligible sites will continue to grow and exceed the available resources.

The request for these funds falls within the scope of our Statewide RLF that targets significant economic and community development projects. In addition, these projects have been vetted for compliance with the special Stimulus considerations. All of the projects discussed in this request need assistance for remediation and have a defined plan for site reuse. Priority is given to projects in distressed municipalities and those projects that are both ready and demonstrate a significant economic and community benefit.

I. Demonstrated ability to make loans and subgrants with Recovery Act funds quickly (i.e., shovel-ready projects) for cleanups that can be started and completed expeditiously and;

II. Demonstrated ability to use supplemental RLF funds in a manner that maximizes job creation and economic benefit.

The following five projects are included for their ability to use Recovery Act funds quickly, their shovel-ready status and their ability to create jobs that result in a significant economic benefit. We have also included a second list of community development projects that will create temporary or seasonal jobs, develop housing for working families, use our natural resources for recreation, and create an enduring public benefit by preserving our green, open space for future generations.

1) Remington Rand, 180 Johnson Street, Middletown is a business incubator that is owned by the City and created with the assistance of the State of Connecticut. The City of Middletown is a distressed municipality without the resources to remediate the site. The business incubator consists of one 184,000 sf building on 10-acres that was formerly a typewriter manufacturer. Currently, there are 14 small businesses in the incubator that employ 89 workers. Discussions are underway with a prospective new tenant, a solar component manufacturer that employs 15 people and needs additional space to accommodate product demand and projected job growth.

The State of Connecticut has already made an investment of over \$750,000 for the purposes of providing new water and sewer infrastructure into the site. This investment has allowed the City to stabilize the facility, provide updated fire suppression and actively market the property to prospective small businesses. The City has committed to spend \$200,000 of its Energy, Efficiency and Conservation Block Grant (EECBG) from the Department of Energy under ARRA to replace approximately 200 windows in the unused spaces to facilitate further development on the site. This is a significant reflection of the City's desire to transform this entire building into a center of job creation in the lowest income census tract and enterprise zone.

This brownfield project involves removal of hazardous waste (\$100,000) and petroleum waste (\$200,000) in addition to capping of some areas that are not included in the cleanup obligation of the Responsible Party. The CT DEP has approved the remedial action plan and the RLF Site Eligibility was recently provided to Region I. We will request a waiver for a subgrant to cover the full amount of the \$300,000 cleanup. This additional funding will allow the State to complete the overall site remediation plan for the project. The DECD and DEP have made this site a priority for clean-up under the CT Urban Sites Remedial Action Program (USRAP).

2) Bridgeport Port Authority, 837 Seaview Avenue, Bridgeport for use by Derecktor Shipyards. This site will be utilized by the neighboring Derecktor Shipyards, a manufacturer of yachts and ferry boats. Derecktor is currently constructing the largest yacht built in the U.S. in decades (281 feet long). The company employs 250 people and

is expected to hire 50 additional workers in the near future. Derecktor needs this site to accommodate business expansion for the construction and launch of these massive vessels. The State of Connecticut has already made an investment of over \$6,000,000 for infrastructure improvements and \$2,500,000 in funding for environmental remediation related to Phase I of the Derecktor project. This phase has been completed and the company is operational on the site.

The remedial action plan has been approved and this portion of the remediation is estimated at \$300,000. The RLF Site Eligibility form was recently provided to Region I. We will request a waiver for a subgrant in the amount of \$300,000. The DECD and DEP have made this site a priority for clean-up under the CT Urban Sites Remedial Action Program (USRAP).

3) The Town of Montville intends to take title through tax foreclosure of the 21,000+sf mill on 1.6 acres which was originally built in the late 1800s. The structure has had a variety of uses over the last 100 years including a paper waste company and finishing products company. The site was purchased by All-Time Manufacturing in the 1950s and utilized for a variety of uses between 1950 and 1990. In recent years, the mill has been leased by the Impulse Design Inc. (IDI) an employer of 4 workers that manufactures displays and exhibit booths. IDI also makes large-scale custom trade show displays and exhibit booths. This project is the classic example of a typical New England mill with limited options for redevelopment. This funding is needed to complete the environmental remediation of the site so that the property can be returned to productive use and placed back on the tax rolls of the Town of Montville.

To date, IDI has spent over \$20,000 for environmental studies to evaluate the site. A Remedial Action Plan (RAP) has been prepared by a CT Licensed Environmental Professional (LEP) for the site. The remediation is estimated at \$230,000 and DECD will request a waiver for a subgrant in the amount of \$230,000. This remediation request will be for \$100,000 in petroleum-related funding and \$130,000 for hazardous waste funding.

The Town is completing the RLF Site Eligibility form for Region I approval. The property is currently under tax foreclosure by the Town of Montville. The owner has vacated the property and is not responsive. The Town has represented to DECD that upon approval of the EPA funding, completion of foreclosure and transfer of the title can happen in four weeks. IDI has agreed to purchase the site after remediation is complete. IDI is growing as a company and it is questionable whether they will continue to operate at this location should these environmental issues continue to cloud the site. IDI is a stabilizing presence on the site and continues to fund environmental work, building improvements and insurance costs out of their business expenses. Should they vacate the site, it is unknown whether the property will become a liability on the community.

4) Bridgeport Economic Resource Center, a City of Bridgeport Economic Development Agency, is in the process of acquiring the former Conco Medical Facility at 380 Horace Street for the relocation of Columbia Elevator Inc. (CEI). CEI is a manufacturer of interior elevator cabs. The company, which is looking to relocate to

Connecticut, employs 50 and plans to expand to 100 employees within the next 3 years. CEI has informed DECD that they are willing to relocate to a brownfield site within an urban center, so the department has been working with the company to site the project in Bridgeport.

DECD and DEP have made this site a priority for clean-up under the CT Urban Sites Remedial Action Program (USRAP). The State of CT DEP and DECD have committed a \$2,000,000 grant toward site cleanup from the Urban Sites Remedial Action program and to provide a “Covenant Not to Sue” to protect Columbia Elevator from any future CT DEP regulatory changes. However, more funding is needed to complete the actual site cleanup. We will request a waiver for a subgrant in the amount of \$300,000.

5) The City of Norwich - 26 Shipping Street is a 1.5-acre site and was the recipient of an EPA Site Assessment grant and a \$200,000 Cleanup Grant to remove asbestos and demolish ancillary structures. A Remedial Action Plan has been approved for the site. This property has one structure remaining, a 15,000 sf former industrial building in poor condition.

The area immediately surrounding the project site, a collection of 15 waterfront properties known as the “Shipping Street” area, is a collection of waterfront properties on the Thames River, which flows from Norwich into Long Island Sound. The area is within walking distance from the low-income residential neighborhood surrounding it. Since abundant public transportation opportunities exist between the Shipping Street and downtown areas, developing the Shipping Street area and removing blight from the shores of the Thames River would accrue benefits to downtown Norwich. Both the Shipping Street area and downtown Norwich are low-income census tracts and have the great potential for economic development. DECD is requesting \$300,000 in funds to remove contaminated soil from a portion of the site and bring in clean fill for an area that would serve as a parking lot. It is anticipated that the balance of the remediation will be done once a redevelopment plan has been completed. The City is currently investing funds in rehabilitation of the mill building on the site for mixed recreational/residential use. We will request a waiver for a subgrant in the amount of \$300,000.

Other significant projects in our pipeline for consideration:

6) The Town of Berlin – Kensington Orchards aka “The Bradley Site” is a 55-acre former apple orchard with pesticide contamination that has an ‘all green’ end use: trails, public recreation and open space. Although this project will not create jobs and taxes, Connecticut is a small state and a leader in open space preservation. We recognize the critical importance of our smart growth policy that balances business development and sustainable reuse in areas designated for that purpose with natural resource preservation and land conservation.

Funding for this site was requested in the February 2009 Supplemental Request and is repeated again here. This site has been in our pipeline for over two years and the Town has been working with DEP and EPA. The site has been fully characterized using an

EPA Assessment Grant. The Remedial Action Plan (QAPP) is in the final approval stage by CT DEP and we have received signoff on the eligibility form from Region I. The estimated cost of hazardous substance remediation is \$300,000 with the Town contributing \$100,000 so that a waiver will not be needed for this \$200,000 subgrant request.

7) The Willimantic White Water Partnership a non-profit organization in Willimantic. This former fuel terminal and mill site will be remediated and redeveloped as a public park in an urban center and will include site use for a white water raft ride. The project site is located near Eastern Connecticut State University in a scenic area and the town anticipates that this venture will contribute to the local economy. The remedial action plan is nearly complete. The organization hopes to have this petroleum contaminated site remediated in time for summer use. The site has been designated as a connection to the Eastern Connecticut Greenway. A waiver will be requested for a subgrant in the amount of \$300,000 for petroleum remediation.

8) Dye House, LLC in Manchester at 190 Pine Street will remediate and redevelop the last of the former “Cheney Mill” sites for low to moderate income housing. The remedial action plan has not been completed but all development funding is in place for the project to go forward. Estimates appear to be in the range of \$400,000 to \$800,000 for abatement and remediation. This project will support a loan.

III. Demonstrated ability to track and measure progress in creating jobs associated with the loans or subgrants and; IV. Demonstrated ability to track and measure progress of cleanups resulting from a loan or subgrant.

DECD is a state agency with a core mission to assist businesses that create and retain jobs and contribute taxes to the local and state economies. DECD is required by Connecticut General Statutes to track and measure jobs creation and retention as a result of state and federal program financial assistance. We have client tracking and project tracking software for accounting and record keeping that includes job creation and retention, project progress reporting and project budgets. For brownfields projects, we also track the number of projects funded, the number of acres remediated, jobs retained and created, and the dollar and percent of leveraged state and federal assistance to the total project cost. As a governmental agency, we are required to maintain these records for public disclosure and to provide periodic and annual progress reports on all financial assistance.

V. RLF grantee must have made at least one loan or subgrant and have effectively utilized existing loan funds:

- We closed on a \$160,000 loan to Public Housing Residents Going Places from the Hartford RLF for the remediation of the Main and Pavilion Shopping Center. The shopping center has thrived, creating local jobs, generating taxes, and providing low-income residents with a much needed neighborhood supermarket. This project was featured by Administrator Johnson at

Brownfields 2007 and is showcased by Region I as an example of a successful community development project. In addition, the loan was repaid in full in December 2008.

- We closed on a \$200,000 grant in April 2009 to the Pope Park Zion project of the Southside Institutions Neighborhood Association (SINA) using the 'revolved' loan repayment from the Public Housing Residents Going Places project that was repaid in full in December 2008. This grant will remediate four small parcels in a distressed area of Hartford that is overwhelmingly rental housing. The intent is to create new owner-occupied housing to encourage stronger communities to grow.
- We are in the final stages of closing on a \$200,000 grant and a \$250,000 loan from the Statewide RLF to Georgetown Redevelopment Corporation and Georgetown Land Development Corporation aka the Georgetown Special Services Tax District in the town of Redding. This 51-acre, \$250,000,000 project on the former site of the Gilbert and Bennet industrial complex will be developed as a train station, garage, housing, retail, office, and includes a national park office. The project will use LEED and Green Building standards.
- The Colt Gateway Complex is one of the most prominent landmarks in the State of Connecticut and one of the most challenging sites for private and public investment. The Colt Complex is a \$30,000,000 project in various stages of remediation and redevelopment for residential, commercial and industrial tenants and was recently designated as a National Historic Landmark.

A new owner, Urban Smart Growth, is in the process of taking control of the Colt Complex. A Commitment Letter has been issued for a loan for both hazardous and petroleum contamination not to exceed \$700,000 for remediation of the former firing range. However, there is a shortage of funds in the Statewide RLF. The remediation of this parcel is needed to retain the jobs of the existing industrial tenant and to attract and create jobs of another proposed industrial tenant. The cost to remediate this particular parcel exceeds \$1,000,000.

VI. Demonstrated need for supplemental funding, including the number of sites and communities that may benefit from the supplemental funding.

- At this time, this EPA funding is the only resource available to the CT Office of Brownfield Remediation and Development to fund remediation projects. Due to economic conditions, we do not anticipate replenishment of any State of Connecticut brownfield programs in the foreseeable future.
- We have featured only eight projects from seven municipalities that have a vested community interest to move these particular projects forward. The first

five projects total \$1,430,000, the other projects three projects total \$900,000 to 1,300,000.

- We have a pipeline of over sixty projects totaling over \$12,000,000 from thirty municipalities that need funding and are in various stages of readiness. Any one of these projects may rise to the top of our pipeline.
- The Statewide RLF was awarded only \$270,000 in hazardous material grant funds. There are no grant funds remaining in the Statewide RLF for hazardous waste remediation. With the closing of a \$200,000 grant to the Georgetown Project, a grant commitment of \$30,000 to supplement the EPA Cleanup grant to the New London Habitat for the Humanities project, a commitment to fund at least \$700,000 in remediation for the Colt Gateway Project Firing Range, Courtyard and other site hazards from the Hartford RLF and Statewide RLF, there are no funds remaining in either RLF.
- An example of other sites in our pipeline include the former Summit Thread mill that needs a minimum of \$500,000 in grant funding to complete remediation that started with an EPA cleanup grant. The cleanup cost is too significant for the RLF grant limit or any EPA RLF program. However, if local funds or a community organization or foundation commits resources, the project will rise to the top of our pipeline and be ready for RLF funding.
- Another example is the Riverfront Recapture project. This is a Hartford non-profit organization that is developing a walkway along the Connecticut River that also abuts the Colt Complex and allows pedestrians easy access to downtown. There are four parcels currently being studied and funded through our EPA Assessment grant. Initial estimates are that these parcels will require remediation in excess of \$500,000. We anticipate a patchwork quilt of funding that includes EPA RLF grant funding.
- This is an unusual time. We are hopeful that Stimulus funding may be available through other federal agencies, including HUD, to jump-start these projects so that some of them will rise to the top of our list.

VII. Demonstrated ability to administer the RLF and “revolve” the RLF grant and administer subgrants and/or loans:

The DECD is experienced at credit analysis, grant and loan management, management of revolving loan funds and project management. We fund municipalities, non-profit organizations and a variety of businesses. DECD staffs an entire financial department that operates a sophisticated state accounting system developed for the purpose of loan and grant fund management and tracking. The department has the process, people and systems needed to manage a RLF which is often far too challenging for non-profits and municipalities to undertake.

We began managing an EPA RLF when DECD was approached to takeover an EPA RLF from the City of Hartford. The department set up the RLF and made a loan in the first year of RLF operation. Since then this same loan recipient, Public Housing Residents Going Places (PHRGP), a tenant rights organization, has repaid the loan in full and the Main & Pavilion Shopping Center is fully leased and operational.

The terms of the loan to PHRGP were customized to fit the project income. As the Main & Pavilion Shopping Center leased up, it was projected when retail income would be sufficient to cover operating expenses and begin loan repayment. With regard to revolving the RLF, PHRGP repaid the loan in full in December 2008. Those funds have 'revolved' for reuse on the SINA project.

In 2007, legislation created the Office of Brownfield Remediation and Development (OBRD) within DECD to streamline delivery of funding to brownfields while partnering with the CT Department of Environmental Protection, the CT Department of Public Health, the Connecticut Development Authority, the U.S. Department of Housing and Urban Development and of course, the U.S. EPA. We are very pleased to be a grant recipient for the 2007 Statewide RLF.

There is no difference in the administration of the Hartford RLF versus the Statewide RLF except that we are now able to consider a project anywhere in the state, not just those located in the City of Hartford.

OBRD is ready, willing and able to continue our efforts to remediate brownfields in the State of Connecticut. To continue this important mission, we need additional funding from the EPA Statewide RLF.

VIII. Demonstrated ability to use the RLF grant to address funding gaps for cleanup:

After several years of planning, Public Housing Residents Going Places (PHRGP) was able to secure financing from several public and private sources for development of a shopping center with a much-needed grocery store in a very distressed area of Hartford. But the project stalled due to the need for funds to complete environmental cleanup of the site prior to development. None of the other sources of funds could be used for this purpose. The Hartford EPA RLF provided a \$160,000 loan, gap funding that was just in time.

The SINA project has state, federal and community funds to develop owner-occupied housing but site contamination stalled the development. The Hartford EPA RLF was available to provide a \$200,000 grant to remediate these four parcels so that the development can continue. There was no other source of funds available for this purpose.

The Georgetown project is a collection of private and public resources to remediate and redevelop a very contaminated former mill complex. Funding from the Statewide EPA RLF will leverage a \$425,000 state grant from the Connecticut Brownfield Municipal

Pilot Program and \$2,500,000 in Tax Incremental Financing from the Connecticut Development Authority for pre-development and infrastructure. The Statewide EPA RLF funds are essential to finally complete remediation of the site so that development of the train station, garage and other project components can move forward to attract residents in the proposed housing phase.

The Colt Gateway project is a \$30,000,000 project that is primarily financed with private capital for construction and development, not remediation. However, this complex site needs funding for remediation with terms that are customized to fit the project schedule. The EPA RLFs are ideally suited for this purpose since private lenders will not fund remediation or customize their terms and will also not commit their resources unless the environmental condition of the site is mitigated with state and federal funding.

IX. Community benefits from past and potential loans and subgrants:

A. Community benefits from past loans and subgrants:

The first loan DECD closed went to PHRGP, a non-profit organization composed of residents of Mary Shepard Place, a section 8 housing complex. The property itself was sold for \$1.00 by the City of Hartford to PHRGP for the development of the Main & Pavilion Shopping Center. This neighborhood is composed of Hartford's most deserving population with an over 50% poverty rate (2000 Census). The Main & Pavilion Shopping Center is adjacent to the Mary Shepard Place housing complex. The retail stores have created jobs for residents and a neighborhood supermarket. Previously, residents needed to take a bus across town to shop at a grocery store.

The SINA Pope Park Zion Project will create owner-occupied housing in an area of Hartford that is overwhelming rental housing. Homeownership has proven to be important for instilling a sense of citizenship with a vested concern for the appearance of the neighborhood and to encourage participation in the community. This project is important to revitalize the City of Hartford.

The Georgetown project is a transit-oriented development that will create a much needed train station with parking to service commuters to and from New York City and beyond, reducing car traffic. In addition, a community center and YMCA are planned.

Over 300 new jobs have already been created as a result of the redevelopment underway at the COLT Gateway site. The complex also contains a school for autistic children that had been seeking a safe and permanent site for several years. This site is very important to the community and to the economic development of Hartford and the State for its size, location, and as a National Historic Landmark. Vacant and abandoned for many years, it had broken windows, was a target of vandalism and sheltered vagrants and drug users. The negative appearance of the complex impacts the entire city and gives a poor impression to visitors.

Local and state residents are thrilled that the landmark blue dome will once again be a proud symbol of Connecticut. The project will be restarted to generate new jobs for local residents and create new housing.

B. Community benefits from potential loans and subgrants:

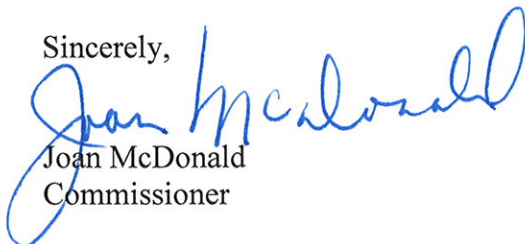
This funding will be used to leverage over \$10,000,000 already committed by the State to the 5 priority projects identified in this request. Furthermore it will supplement DECD's mission of creating jobs and additional tax revenues for communities within the State of Connecticut. With EPA assistance the priority projects identified in this application will create over 150 more full time jobs in Connecticut, complete environmental remediation activities on over 35-acres of former industrial land and subsequently return all five parcels to the local tax rolls with increased values.

X. Demonstrated ability to use the RLF grant to provide funding to promote projects incorporating sustainable reuse and renewable energy.

By choosing projects that are located at existing mills and industrial facilities, DECD is making a strong commitment to promote projects that incorporate sustainable reuse and renewable energy. Two of the identified projects are located at vacant sites in urban centers where revitalization will have a positive economic and community benefit. Three of the five priority projects identified by DECD incorporate sustainable reuse principles and redevelop under-utilized or vacant buildings. In addition, two of these sites are mills and one is a former industrial facility; in each case DECD is demonstrating an ability to promote smart growth and urban revitalization principles where the priority projects have been selected. To further demonstrate the State's commitment, this request has detailed a substantial amount of leveraging with State and municipal dollars to complete these projects.

Now more than ever, it is critically important that we have the resources to assist those owners and developers who are still moving projects forward to create jobs, taxes and provide a community benefit to our citizens. We are very grateful to our partners at EPA Region I and to Headquarters for all their assistance. Please don't hesitate to contact Peter Simmons through email at peter.simmons@ct.gov or via phone (860-270-8149) should you any questions. Thank you so much for the opportunity to apply for these funds.

Sincerely,



Joan McDonald
Commissioner

Cc: Peter Simmons, Community Development Director